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COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

April 28, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT NO. 1 TO CONTRACT NUMBER H-700717 WITH
NAVIGANT CONSULTING, INC., FOR MANAGEMENT CONSULTING SERVICES
AT KING/DREW MEDICAL CENTER**

IT IS RECOMMENDED THAT YOUR BOARD:

Delegate authority to the Director of Health Services, or his designee, to execute Amendment No. 1 to Contract Number H-700717, in a form substantially similar to Exhibit 1, with Navigant Consulting, Inc., for management consulting services at King/Drew Medical Center, to increase the maximum contract obligation to \$14,962,250 and to make other substantive changes to the terms of the agreement.

PURPOSE OF RECOMMENDED ACTION/JUSTIFICATION:

Approval of this amendment will augment the maximum obligation of the contract with Navigant Consulting, Inc. (Navigant) from \$13,205,000 to \$14,962,250, for the purpose of adding supplemental clinical personnel to the engagement at King/Drew Medical Center.

FISCAL IMPACT/FINANCING:

The maximum contract obligation will be increased from \$13,205,000 to \$14,962,250 which includes \$11,969,800 for professional fees plus up to an additional \$2,992,450

for expenses. Funds are available in the Department's Fiscal Year 2004-05 budget and will be requested in the Fiscal Year 2005-06 final changes phase of the budget process.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On October 19, 2004, your Board approved a one year agreement with Navigant for the provision of management consulting services at King/Drew Medical Center. The original agreement is broken into two components. The first is the provision of interim management services, in the form of a Chief Executive Officer, Chief Operating Officer, Chief Nursing Director, Medical Advisor, and several other key day-to-day management positions. The second component is the performance of a facility-wide assessment and the development and implementation of recommendations to correct clinical and operational deficiencies at the hospital. Navigant has requested additional personnel to assist with both interim management and implementation activities.

Interim Management – Nurse Management Positions

Navigant has requested five supplemental nurse managers to provide additional oversight in Psychiatry, Intensive Care, Emergency Services, Medical-Surgical, and the Operating Rooms. In recognition of the number of nursing management vacancies that have existed at King/Drew Medical Center, the original contract provided that upon completion of the assessment, Navigant could, if necessary, return to the Department with a recommendation of how many additional nurse managers it recommended to assist in the interim management of the hospital. The contract includes a set rate for these positions of \$36,000 per month; which totals \$180,000, plus expenses, each month for the five nursing manager. Navigant has requested all five additional positions for the period of January 1 through August 31, 2005. The eight month additional cost for these positions, including expenses, is \$1,800,000.

Additionally, due to the depth of problems in nursing at the hospital, and the Immediate Jeopardy action taken in December by the Centers for Medicare and Medicaid Services related to the management of assaultive patients, Navigant brought on two additional nurse managers prior to the January date identified in the contract. The Department agreed with the urgency for these additional nursing personnel and allowed Navigant to bring them in and to bill the cost against the total maximum contract obligation. It was anticipated that the entire contract maximum would not be used because certain positions would be replaced with permanent County employees or deemed unnecessary for completion of the deliverables. For example, after consultation with the Department, Navigant determined it did not need

the Advisor to Dietary and the savings from this position, the cost for which was \$36,000 per month, were available to fund one of the nurse manager positions. The contract amendment provides the authorization for these additional two nurse managers provided before January 2005, but does not include any additional funds for them in the maximum contract obligation.

The Department of Human Resources has initiated recruitments for the nursing management positions and Navigant has provided a timeline for transitioning from consultant managers to County-employed personnel. Presently, Navigant believes that the nurse managers will no longer be needed after August 31, 2005, and the contract amendment provides funding for these positions only through that date.

In addition, in response to the motion approved by the Board on April 12, 2005, instructing the Department to report back and implement several best practices recommendations on physician and nursing oversight, Navigant has recommended adding four additional nurse managers for the period of May 15 through July 15, 2005, to provide 24 hour a day, seven day a week on-site oversight of nursing care. The rate for each of these positions is \$36,000 per month, plus 25 percent for expenses, for a total of \$360,000 for the two month period.

The amendment includes a provision that the Department and Navigant will confer in June regarding the additional nursing positions, as well as the physician advisor position described below, and if it is determined they are needed beyond the current time included in the contract, a further amendment will be prepared for consideration by the Board.

Assessment Implementation – Additional Physician Advisor

The other critical clinical area for which Navigant has requested additional personnel is in physician management. To support the implementation of their recommendations in the area of physician quality, Navigant recommended an additional Physician Advisor to begin providing services in February to work on such issues as performance management, peer review, and physician coverage and quality. The Department concurs with Navigant's finding that physician management is a key area of need at the hospital and supports this additional position. The monthly fee for the Physician Advisor is \$52,200, plus expenses, for a total of \$456,750. The contract amendment provides additional funds for this position for the period of February 1 through August 31, 2005, with the anticipation that a permanent County-employed Associate Medical Director will be recruited by August 31, 2005.

Other Contract Changes

Navigant has determined that several of the positions originally included in the interim management staffing under the contract – specifically the advisors on Human Resources, Information Technology, and Dietary – are no longer required, as the available resources within the Department and the County can support restructuring activities in these areas. One of these positions has been replaced with an Advisor for Radiology Services and the savings from the Human Resources Advisor are being used to offset this cost. The funds associated with the Information Technology Advisor (\$45,000 per month) and the Dietary Advisor (\$36,000 per month) will be used to offset the costs for the additional five nurse managers.

Additionally, the monthly rate for the interim Chief Executive Officer was increased from \$52,200 to \$67,500. This increase is due to the change in staffing made by Navigant in March, in which one of its Managing Directors was moved from the role of Implementation Oversight to that of interim Chief Executive Officer.

The contract also is being amended to allow Navigant the flexibility to shift funds between the two sections of the agreement. For example, if there were savings in the Interim Management portion of the agreement, these dollars could be used to pay for additional personnel for the Implementation component. This increased flexibility will not affect the overall contract sum. Also, the amendment allows Navigant to use unexpended funds, due to the replacement of temporary contract personnel with permanent County employees, or from approved staffing changes, for supplemental services approved by DHS within the contract's total maximum obligation. The amendment also allows the Department to adjust the contract deliverables to account for changes in staffing requested by the County.

Payment under the contract is made at the beginning of each month for services to be rendered. Under the amendment, Navigant is required to provide the Department with a schedule at the beginning of each month listing of the positions it intends to provide and the total amount to be invoiced for these individuals. At the end of the month Navigant must provide a retrospective reconciliation that includes verification that services were provided at the level indicated at the beginning of the month. If services rendered were less than initially indicated, Navigant will credit the unused funds back to the County.

The amendment provides the Department the ability to request that Navigant cease providing specified personnel, if DHS believes these personnel are no longer required. Should the Department conclude those individuals were critical to the completion of deliverables, it would be authorized under the amendment to modify and/or remove the agreed upon deliverables from the agreement, in a partial

termination of the contract. Additionally, if DHS requests that Navigant remove personnel working on implementation activities that Navigant believes are essential to completion of the required deliverables, and the Department does not adjust or delete the deliverables, Navigant may terminate the contract with 30 days written notice to the County.

Under the original agreement, Task 2, Assessment, included a number of deliverables for which the baselines were to be determined upon Navigant's completion of its assessment. The Department reviewed the Navigant baseline data, as well as was the performance by the DHS hospitals in these areas, and based upon this established specific targets for these deliverables. The specific deliverables are:

- Reducing the number of admitted patients awaiting a bed in the Emergency Department "holding area" from the baseline of 19 to 10.
- Reducing the length of stay for treated and released Emergency Department patients from a baseline of 744 minutes to 660 minutes.
- Reducing the average length of stay for admitted patients in the Emergency Department from a baseline of 1223 minutes to 990 minutes.
- Improving the percent of patients discharged each day by noon from 2.6 percent to 10 percent and implement a plan for continuous measurement and improvement.
- Improving by 50 percent operating room utilization from a baseline of 22 percent utilization to 33 percent.
- Reducing the length of stay in the Post-Anesthesia Care Unit from a baseline of 349 minutes to 240 minutes.
- Initiating 100 percent of investigations for critical clinical events within 24 hours of occurrence.

One of the key deliverables under both Task 1 and this section was obtaining JCAHO re-accreditation by October 31, 2005. Based on consultations between the two parties, it was determined that the JCAHO documentation requirements, in combination with the significance of many of the deficiencies at the hospital, made it unfeasible to obtain JCAHO re-accreditation by the end of October. As a result, Navigant is presently preparing to request a JCAHO survey in November, which is after the contract termination date. As a result, the deliverable related to JCAHO accreditation has been revised to require Navigant to prepare the hospital to obtain reinstatement of JCAHO accreditation by December 31, 2005. In the event the agreement with Navigant is extended beyond October 31, 2005, this deliverable will be revised accordingly.

Each Supervisor
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The indemnification provisions of the contract have been revised to provide indemnification to Navigant in the event of medical malpractice claims that arise from the work they perform at the hospital under the agreement.

CONTRACT PROCESS:

The original agreement with Navigant resulted from a solicitation conducted by the Department. It is not appropriate to advertise amendments

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of funding for these additional positions will supplement Navigant's efforts to improve the operation and quality of care at King/Drew Medical Center.

When approved, the Department requires three signed copies of the Board's action.

Sincerely,



Thomas L. Garthwaite, MD
Director and Chief Medical Officer

TLG:ak

Attachment

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

CONTRACT WITH NAVIGANT CONSULTING, INCORPORATED For
EXECUTIVE MANAGEMENT

AMENDMENT NO. 1

THIS AMENDMENT is made and entered into this _____ day
of _____, 2005,

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

NAVIGANT CONSULTING,
INCORPORATED, (hereafter
"Contractor")

WHEREAS, reference is made to that certain document entitled "CONTRACT
BETWEEN COUNTY OF LOS ANGELES AND NAVIGANT CONSULTING,
INCORPORATED FOR EXECUTIVE MANAGEMENT SERVICES," dated October
28, 2004, further identified as Agreement No. H-700717 (all hereafter "Contract"); and

WHEREAS, Contractor has delivered to County its assessment report as required
by Contract and has had experience actually providing interim management services at
King/Drew Medical Center ("Hospital"); and

WHEREAS, based on Contractor's evaluation of Hospital, and its experience in
managing it, the parties have determined that changes to Contractor's interim
management staffing are warranted and additional staff to implement Contractor's
recommendations are necessary; and

WHEREAS, changes in Contractor's staffing require an increase in Contract's
maximum obligation and other financial terms; and

WHEREAS, Contract provides that changes to its terms may be made in the form of a written amendment which is formally approved and executed by the parties.

NOW, THEREFORE, the parties hereby agree as follows:

1. This Amendment shall be effective upon its approval by County's Board of Supervisors.

2. The following Paragraph 2.5 shall be added to the Contract and shall read as follows:

"Man-Day Equivalent: The effort normally expected during a single working day of an individual working in the position on a full-time basis."

3. Paragraph 5.1 shall be revised to read as follows:

"The Maximum Contract Sum for the initial twelve-month term of the Contract, as set forth in paragraph 4.0 above, shall be \$14,962,250 , as further detailed in Exhibit B, Pricing Schedule."

4. Paragraph 5.5.3 shall be revised to read as follows:

"The Contractor's monthly invoice for interim management services shall specify:

(a) the positions which it intends to fill during the month and corresponding man-day-equivalents, (b) the total amount owed for such services based on the rates set forth in Exhibit A-1 to this contract, and (c) any credit due to the County for Man-Day Equivalents invoiced for the prior month which were not provided for the full month prior.

The Contractor's invoices for implementation services shall specify (i) the personnel who will be providing services during the month, (ii) each individual's Man-Day Equivalents, (iii) the fee for each individual's services, calculated at the rates

specified in Exhibit A-1 hereto and (iv) any credit owed to the County for Man-Day Equivalents invoiced for the prior month which were not provided. In addition, each invoice shall be accompanied by verifications signed by the Contractor's Project Director, certifying that the services billed on the prior month's invoices were either rendered at the anticipated levels, or were rendered at a different level, whichever is appropriate. If a different level of service was provided, the certification form shall specify the actual level of services provided. Contractor shall maintain documentation to support this certification and shall make this documentation available to County upon request. Contractor's obligation to maintain and make available supporting documentation shall survive the expiration of this Contract for five years.

Invoices for expenses shall include documentation verifying the nature and amounts of each expense, except for meals. Invoices for meals shall list the name of each individual and the number of days during the month that the individual was providing services in Los Angeles County."

5. A new paragraph 8.23.1 shall be added as follows:

8.23.1. COUNTY PROFESSIONAL LIABILITY INDEMNIFICATION:

8.23.1.1. County shall indemnify, defend, and save harmless Contractor, its officers, employees, and subcontractors (for purposes of this Paragraph hereafter collectively referred to as "Contractor") from liability, expense and claims for damages resulting from or related to a medical incident arising out of the provision of professional services rendered by any of Contractor's clinical staff pursuant to this Contract from November 1, 2004 through the termination of this Agreement. For purposes of this Contract a

medical incident shall mean any act or omission in the rendering of, or failure to render, medical services, or treatment to a Hospital patient by Contractor's clinical staff in the performance of Contractor's obligations under this Contract.

8.23.1.2 County's indemnification of Contractor under this Contract shall only apply to payments of settlements, judgments, and awards to third parties, including legal defense expenses. County's indemnification of Contractor under this paragraph shall further only arise if Contractor's liability is to a patient treated at Hospital or the patient's representative. To the extent that County is obligated to provide an indemnification program under this paragraph, County will also provide claims administration and legal defense on behalf of Contractor.

8.23.1.3 Contractor shall give prompt telephonic notice (within twenty-four hours) to Hospital's Risk Manager of any incident, action, or claim to which this indemnification applies and shall fully cooperate with County and its claims representatives, in any defense, settlement, or other disposition of such incident, action, or claim. Such telephonic notice shall be immediately followed by written notice to Hospital's Risk Manager. Such written notice shall include all of the information listed in County's Risk Management form. Contractor hereby acknowledges receipt of said County Risk Management form.

County shall have no indemnification responsibility or liability for any incident, action, or claim against Contractor where Contractor failed to provide County with prompt telephonic and written notice of such incident, action, or claim, as specified above, or if Contractor has failed to fully and reasonably

cooperate with County and its agents in the defense, settlement, or other disposition of such incident, action, or claim.

In addition, County shall have no indemnification responsibility or liability for any incident, action, or claim against Contractor by patients or their legal representatives, other than those covered specifically by this Agreement. Moreover, this indemnification shall not cover Contractor's damages or expenses arising out of Contractor's willful or criminal misconduct, nor shall it cover the award of any punitive damages.

8.23.1.4 County reserves the right to investigate any incident, action, or claim. In such event, Contractor shall allow County representatives access to the medical records and reports pertaining to the services provided to any County patient involved in such incident, action, or claim. Contractor shall also allow County representatives access to its employees and agents, if any, who provided services to the County patients involved in such incident, action, or claim.

County's agents, as designated by Director, will consult with Contractor regarding the disposition of any action or claim hereunder. However, County reserves the right to determine the final disposition of any action or claim. In the event Contractor does not agree with County's agents in any defense, settlement, or other disposition of such action or claim, Contractor may pursue defense, settlement, or other disposition of such action or claim independently and County's indemnification obligation with respect to such action or claim shall immediately terminate. In such event, County shall have no financial obligation

on behalf of Contractor for liability, expenses, including legal defense fees and expenses, or payments of settlements, judgments, awards, or damages arising out of the medical incident.

8.23.1.5 The provisions of this Paragraph shall survive the expiration or earlier termination of this Agreement for actions or claims against Contractor.

6. A new paragraph 11.0 shall be added as follows:

“COMMUNICATIONS

County remains legally responsible for operations of Hospital, as well as the monitoring of this Contract. To fulfill that responsibility, County requires regular, timely information from Contractor, as well as special meetings, conferences and reports. However, County understands Contractor’s need to devote its resources to accomplishing the Deliverables and meeting the objectives of this Contract. Therefore, if Contractor believes that County’s requests for meetings, conferences, reports, documents or information materially affect Contractor’s ability to accomplish its other responsibilities under the Contract, Contractor shall so notify County’s Project Director. County’s Project Director shall immediately, and in good faith, review County’s requests, and to the extent reasonable, given County’s responsibilities, moderate them to relieve the burden on Contractor.”

7. The provisions of Task 1, Interim Management Services in Exhibit A, Statement of Work, shall be revised to read as follows:

"Contractor shall provide interim management services for the Hospital, through the positions described below, through out the duration of the Contract, except as provided below:

- Chief Executive Officer
- Chief Operations Officer
- Chief Nursing Officer
- Physician Advisor with expertise in medical administration, to support and advise the Hospital's Chief Medical Officer
- A consultant at the senior pharmacy level to support and advise the Hospital's Director of Pharmacy
- A consultant at the senior laboratory level to support and advise the Hospital's Director of Laboratory Services
- A consultant at the senior medical records level to support and advise the Hospital's Director of Health Information Management

In addition, Contractor shall provide, for the months of November and December 2004, the services of the following personnel:

- A consultant at the senior information technology level to support and advise the Hospital's Chief Information Officer
- A Human Resources Specialist
- A consultant to provide nursing management in medical surgical services.

Further, effective December 1, 2004, Contractor shall provide the services of the following additional personnel:

- A senior radiology consultant to support and advise the Chair of the Department of Radiology and the Assistant Hospital Administrator for Ancillary Services
- A second consultant to provide nursing management in psychiatry.

In addition to the two nursing consultants described above, effective January 1, 2005, Contractor shall provide the services of three additional consultants to provide nursing management. The five consultants shall provide nursing management in the following clinical areas: psychiatry, intensive care, emergency services, medical/surgical services, operating room, and maternal-child health and shall render such services through August 31, 2005, unless earlier excused pursuant to the terms of this Contract.

For the period of May 16 through and July 15 2005, Contractor shall provide four nurses on the evening and night shift seven days per week and the day shift on weekends. These nurses will support the nursing supervisor and charge nurses in improving the quality of patient care through the on-going review of nursing care management, documentation, level of care changes, diversion and bed management issues, as well as other issues related to the quality of care and shall assist in the remediation of any concerns requiring an immediate response which are disclosed during their review.

All these positions shall be filled on site on a full time basis and shall be available at all times necessary to complete the work and deliverables required by this

Contract. The Maximum Contract Sum set forth in Paragraph 5.1 of this Contract does not include funding for all of the positions listed above for the duration of the initial term. It is the responsibility of Contractor to manage its services so that the Maximum Contract Sum is not exceeded. Accordingly, if Contractor determines that any of these positions is no longer required to provide the Contract deliverable set forth below, Contractor may voluntarily cease providing the services in any listed position, upon receipt of written consent from the County Project Director. Such written consent will not be unreasonably withheld. Consistent with the provisions in Paragraph 8.43.1 of this Contract, if County determines that the services in any interim management position of are no longer necessary, County Project Director may provide written notice to Contractor to cease providing the services in such position. Prior to issuing such notice, County Project Director, or his designee, shall consult with Contractor and, in good faith, evaluate whether the cessation of such position would materially affect Contractor's ability to produce timely any of the Deliverables 1.2 through 1.22. If such material affect is found, County Project Director shall modify the Deliverable(s) to account for the affect of the cessation of the position and shall include such modification in the notice.

Notwithstanding paragraph 8.4.2, to the extent that additional or different types of personnel are necessary to provide interim management services, Contractor may add or change such personnel after receiving written consent for such change from County Project Director. Any such change shall not affect the Maximum

Contract Sum specified in paragraph 5.1 nor shall it cause Contractor's monthly invoice for any one month to exceed by more than 10% the monthly maximum set forth in Exhibit B, Pricing Schedule.

This interim management team shall be responsible for overseeing the day-to-day operations of the Hospital, in consultation with the Director of the Department of Health Services (DHS), the Chief Operating Officer (COO) of the DHS, and the Chief Medical Officer of the Hospital. Contractor shall establish a line of communication within the Hospital, with the Chief Executive Officer and Chief Operations Officer reporting directly to the Director of DHS and the COO of DHS or their designees. It is expressly understood that the Contractor has not been delegated any authority regarding personnel actions related to County employees. Specifically, Contractor's responsibility is limited to making recommendations to the Director of DHS and the COO of DHS, regarding any action related to employment of County employees (including but not limited to performance evaluations, hiring, discharge, transfers). In addition to the day-to-day management of the Hospital, the interim management team shall complete the specific tasks set forth in Deliverables 1.2-1.21, below.

Deliverable 1.1 – Provision of full-time, on site: Chief Executive Officer, Chief Operations Officer, Chief Nursing Officer, Physician Advisor, Senior Pharmacies Consultant, Senior Radiology Consultant, Senior Laboratory Consultant, Senior

Medical Records Consultant, and various nurse managers unless released from this obligation pursuant to the provisions above.

Deliverable 1.2 – Establish a process pursuant to which the interim management team will meet on a regular and frequent basis with the Director of DHS and the Chief Operating Officer of DHS to report on operational activities at Hospital, to obtain approval of significant policy modifications and direction on other policy initiatives, and to seek information and assistance, as necessary, in achieving Task 1 objectives.

Deliverable 1.3 – To the extent possible, within the limits of Contractor's control, prepare the Hospital to obtain reinstatement of full JCAHO accreditation by December 31, 2005.

Deliverable 1.4 – Achieve and maintain compliance with human resources standards in accordance with appropriate regulatory requirements throughout the duration of this Agreement.

Deliverable 1.5 – By March 1, 2005, develop and thereafter implement a transition plan that replaces Contractor's interim managers with permanent managers so that the corrections can be sustained.

Deliverable 1.6 – By September 1, 2005, in consultation with Department of Health Services' Human Resources staff, recruit, interview, and make recommendations for hire to the County for the positions of: CEO, COO, CNO, Plant Manager, Humphrey Administrator. For all recruitment activities, it is the responsibility of the County to support the cost of recruiting such as travel, screening and, if necessary, the use of outside recruiters.

Deliverable 1.7 – Identify gaps in mid-level management positions by March 1, 2005. In consultation with the Department of Health Services' Human Resources staff, by September 1, 2005, recruit, interview, and make recommendations for hire to the County for the positions necessary to fill the management gaps. For all recruitment activities, it is the responsibility of the County to support the cost of recruiting such as travel, screening and, if necessary, the use of outside recruiters.

Deliverable 1.8 – By February 1, 2005, restructure the medical staff office.

Deliverable 1.9 – By February 1, 2005, review Medical Staff's compliance with medical staff bylaws and submit written recommendations for necessary changes.

Deliverable 1.10 – By June 1, 2005, assess clinical competence of all members of the medical staff and develop and begin implementing necessary skills remediation.

Deliverable 1.11 – By March 15, 2005, recommend and implement new credentialing and privileging processes and confirm all physician credentials.

Deliverable 1.12 – Recommend and implement a system for implementation, oversight, and reporting of corrective actions for any significant or peer reviewed clinical events.

Deliverable 1.13 – Throughout duration of Agreement, assure that root cause analyses are conducted on all incidents determined to be significant events. Make and implement recommendations to address and resolve personnel and systems issues uncovered by the root cause analyses.

Deliverable 1.14 – By February 1, 2005, provide a detailed, written recommendation as to the appropriate mix/scope of clinical services to be offered at King/Drew Medical Center.

Deliverable 1.15 – Review the work previously provided by The Camden Group and continue the ongoing assessment of the competency of nursing staff at the Hospital, institute remediation for those nurses who do not meet standards, and recommend to the COO of DHS personnel actions for those nurses who fail remediation.

Deliverable 1.16 – Automate basic nursing reports for use by nursing administrative office. If additional technology or information systems are required, the County shall be responsible for the costs of such technology. If the County does not fund the needed technology, this Deliverable will be modified by mutual agreement of the parties.

Deliverable 1.17 – Develop by January 17, 2005, a new Performance Improvement Program, which is compliant with JCAHO National Patient Safety Goals, and after receiving approval from the County Project Director, work toward implementation of this plan. Contractor shall ensure appropriate involvement of physicians in Performance Improvement Program activities.

Deliverable 1.18 – The interim CNO shall oversee the nursing administration at the Hospital and, in addition to the day-to-day management of that function, the CNO shall evaluate and oversee the implementation of: (1) changes to maximize supervisory coverage of staff and management of quality patient care, (2) the building and sustaining of a culture that supports strong communications between

nursing management, nursing employees, physicians, and support staff and, (3) the implementation of the revised Plan for the Provision of Care and ensuring that all standards of practice within the nursing division are met.

Deliverable 1.19 – By January 17, 2005, establish a tutoring and mentoring program for nurse managers, with clearly established skills and management competencies.

Deliverable 1.20 – By January 17, 2005, review the work previously provided by The Camden Group and, to the extent necessary, complete the restructuring of the nursing administration functions and office.

Deliverable 1.21 – By March 15, 2005, review the work previously provided by The Camden Group and, to extent necessary, complete the review and revision of the nursing policies and procedures to determine the level of appropriateness and compliance with outside regulatory requirements.

Deliverable 1.22 – The parties recognize that the scope of work to be provided by Contractor does not include Contractor's assessment of financial practices at Hospital. If, however, in performing services under this Task 1, Contractor identifies financial practices that warrant change, Contractor shall make appropriate recommendations to County Project Director for consideration and approval. Contractor shall not implement any such recommendations without County Project Director's approval.

8. The provisions of Deliverable 2.1 in Task 2, Assessment in Exhibit A Statement of Work, shall be revised to read as follows:

Deliverable 2.1 – By January 3, 2005, provided a comprehensive written Assessment Plan, addressing all of the above areas. The Assessment Plan shall include recommendations as how to remedy each deficiency, inefficiency and area of concern and include recommendations for staffing the remediation efforts as well as an estimated time line for implementation of the recommendations. In recommending staffing, Contractor shall recommend County staff who should be involved in implementing the recommendation. Further, beginning on January 1, 2005, Contractor shall provide the services of the following individuals, in addition to its interim management team specified above, to provide implementation assistance to the Hospital: Robertson, Wells, Hartung, Edwards, Hunt, Krasker, Hays, Butler, Matsuba, and Phaneuf. Contractor shall, beginning February 1, 2005 and ending on August 31, 2005, provide a second physician advisor. As specified in Paragraph 5.5.3, Contractor shall, in its monthly invoice, specify each individual's expected Man-Day Equivalents during such month. Notwithstanding paragraph 8.4.2, to the extent that additional or different personnel or different types of personnel are necessary to provide assistance with implementation, Contractor may add or change such personnel after receiving written consent for such change from the County Project Director. The rates for such additional or different personnel must be agreed to, in writing, by the County Project Director prior to the initiation of services by the individual; provided that the addition or change in personnel, or the modification of the rates charged shall not effect the Maximum Contract Sum specified in paragraph 5.1 nor may it cause Contractor's monthly invoice to exceed by more than 10% the monthly maximum

set forth in Exhibit B, Pricing Schedule. The Maximum Contract Sum set forth in Paragraph 5.1 of this Contract does not include funding for all of the listed positions for the duration of the initial term. It is the responsibility of Contractor to manage its services so that the Maximum Contract Sum is not exceeded. Accordingly, if Contractor determines that any of these positions is no longer required to provide the Contract deliverable set forth below, Contractor may voluntarily cease providing the services of any listed individual, upon receipt of written consent from the County Project Director. Such written consent will not be unreasonably withheld. Consistent with the provisions of Paragraph 8.43.1 of this Contract, if County determines the services of any implementation personnel are no longer necessary, County Project Director may provide written notice to Contractor to cease providing the services of such person. Prior to issuing such notice, County Project Director, or his designee, shall consult with Contractor and, in good faith, evaluate whether the cessation of such person's services would materially affect Contractor's ability to produce timely any of the Deliverables 2.1 through 2.13. If such material affect is found, County Project Director shall modify the Deliverable(s) to account for the affect of the cessation of such person's services and shall include such modification in the notice. If, in good faith, Contractor disagrees with the County Project Director's finding and Deliverable(s) modification, Contractor may terminate this Contract by giving at least 30 days written notice of termination to County.

9. The provisions of Deliverables 2.3 through 2.13 in Task 2, Assessment in Exhibit A Statement of Work, shall be revised to read as follows:

Deliverable 2.3 – Reduce the number of admitted patients awaiting a bed in the Emergency Department “holding area” (7:00 a.m. snap shot) from the baseline of 19 to 10.

Deliverable 2.4 – Reduce the average length of stay for treated and released Emergency Department patients from the baseline of 744 minutes to 660 minutes.

Deliverable 2.5 – Reduce the average length of stay for admitted patients in the Emergency Department from a baseline of 1223 minutes to 990 minutes.

Deliverable 2.6 – Improve the percentage of patients (excluding Obstetrics) discharged each day by 12 noon from 2.6% to 10% and implement a plan for continuous measurement and improvement.

Deliverable 2.7 – Improve by 50% operating room utilization (by number of minutes of operating room use/staffed minute) from a baseline of 22% to 33%.

Deliverable 2.8 – Reduce the length of stay in the Post Anesthesia Care Unit from a baseline of 349 minutes to 240 minutes.

Deliverable 2.9 – Deleted.

Deliverable 2.10 – Deleted.

Deliverable 2.11 – One hundred percent of investigations for sentinel events will be initiated within 24 hours.

Deliverable 2.12 – To the extent possible within the limits of Contractor's control, prepare the Hospital to obtain reinstatement of full JCAHO accreditation by December 31, 2005.

Deliverable 2.13 - By February 1, 2005, provide a detailed, written plan for the coordination of administrative and clinical services between Humphrey Comprehensive Health Center and King/Drew Medical Center, including timeframe for implementing the plan to enable the facility to obtain and/or sustain necessary JCAHO accreditation. Contractor will oversee the implementation of such plan by County personnel.

10. The provisions of Exhibit B PRICING SCHEDULE, shall be revised to read as follows:

For November 2004: For Interim Management Services (Task 1, Deliverables 1.1 through 1.22), the maximum amount which may be billed is \$596,250. Such amount shall include professional fees, billed in accordance with the rates on schedule on Exhibit A-1 to this Contract, and expenses¹. Such expenses shall not exceed 25 percent of the professional fees billed.

For December 2004: For Interim Management Services (Task 1, Deliverables 1.1 through 1.22), the maximum amount which may be billed is \$697,500. Such amount shall include professional fees, billed in

¹ For all months under this Contract, County shall only pay Contractor's actual reasonable expenses for travel, lodging, and automobile rental consistent with Contractor's expense reimbursement policy, to the maximum amounts set forth in this Exhibit B. Meals shall be reimbursed at an all-inclusive rate of \$45.00 per person per day. All other allowable expenses shall be limited to the Contractor's Expenses Reimbursement Policy. Expenses shall be invoiced in accordance with paragraph 5.5.3 of the contract.

accordance with the rates on schedule on Exhibit A-1 to this Contract, and expenses². Such expenses shall not exceed 25 percent of the professional fees billed.

Upon execution of the Contract, for Assessment Services (Task 2, Deliverables 2.1 and 2.2), Contractor shall bill \$395,000. In addition, Contractor may bill actual expenses in accordance with Contractor's reimbursement policy. Such expenses shall not exceed 25 percent of the professional fees billed.

Upon approval of the final assessment plan, for assessment services (Task 2, Deliverables 2.1 and 2.2) Contractor shall bill \$395,000. In addition, Contractor may bill actual expenses in accordance with Contractor's reimbursement policy. Such expenses shall not exceed 25 percent of the professional fees billed.

For January 2005: For Interim Management Services (Task 1, Deliverables 1.1 through 1.22) and Implementation Services (Task 2, Deliverables 2.3 through 2.13) the maximum amount which may be billed is \$1,226,250. Such amount shall include professional fees, billed in accordance with the rates on schedule on Exhibit A-1 to this Contract, and expenses. Such expenses shall not exceed 25 percent of the professional fees billed.

² For all months under this Contract, County shall only pay Contractor's actual reasonable expenses for travel, lodging, and automobile rental consistent with Contractor's expense reimbursement policy, to the maximum amounts set forth in this Exhibit B. Meals shall be reimbursed at an all-inclusive rate of \$45.00 per person per day. All other allowable expenses shall be limited to the Contractor's Expenses Reimbursement Policy. Expenses shall be invoiced in accordance with paragraph 5.5.3 of the contract.

For February 2005: For Interim Management Services (Task 1, Deliverables 1.1 through 1.22) and Implementation Services (Task 2, Deliverables 2.3 through 2.13) the maximum amount which may be billed is \$1,291,500. Such amount shall include professional fees, billed in accordance with the rates on schedule on Exhibit A-1 to this Contract, and expenses. Such expenses shall not exceed 25 percent of the professional fees billed.

For March and April, 2005: For Interim Management Services (Task 1, Deliverables 1.1 through 1.22) and Implementation Services (Task 2, Deliverable 2.3 through 2.13) the maximum amount which may be billed is \$1,310,625. Such amount shall include professional fees billed in accordance with the rates schedule on Exhibit A-1 to this Contract, and expenses. Such expenses shall not exceed 25 percent of the professional fees billed.

For June 2005: For Interim Management Services (Task 1, Deliverables 1.1 through 1.22) and Implementation Services (Task 2, Deliverables 2.3 through 2.13) the maximum amount which may be billed each month is \$1,490,625. Such amount shall include professional fees, billed in accordance with the rates on schedule on Exhibit A-1 to this Contract, and expenses. Such expenses shall not exceed 25 percent of the professional fees billed.

For May and July 2005: For Interim Management Services (Task 1, Deliverables 1.1 through 1.22) and Implementation Services (Task 2,

Deliverables 2.3 through 2.13) the maximum amount which may be billed each month is \$1,400,625. Such amount shall include professional fees, billed in accordance with the rates on schedule on Exhibit A-1 to this Contract, and expenses. Such expenses shall not exceed 25 percent of the professional fees billed.

For August 2005: For Interim Management Services (Task 1, Deliverables 1.1 through 1.22) and Implementation Services (Task 2, Deliverables 2.3 through 2.13) the maximum amount which may be billed each month is \$1,310,625. Such amount shall include professional fees, billed in accordance with the rates on schedule on Exhibit A-1 to this Contract, and expenses. Such expenses shall not exceed 25 percent of the professional fees billed.

For September and October 2005: For other Interim Management Services (Task 1, Deliverables 1.1 through 1.22) and Implementation Services (Task 2, Deliverables 2.3 through 2.13) the maximum amount which can be billed each month is \$1,020,375. Such amount shall include professional fees billed, in accordance with the rates on schedule on Exhibit A-1 to this Contract, and expenses. Such expenses shall not exceed 25 percent of the professional fees billed.

Beginning on or about June 15, 2005, the parties will begin the determination of the ongoing need for existing staffing provided by Contractor. No later than June 30, 2005, the parties will set forth in writing their mutually acceptable determination of such need and the fees

associated therewith. Should it be mutually agreed that the four nurses are needed beyond July 15 or the five nurse managers are needed beyond August 31 or the additional physician is needed beyond August 31 and there is no offsetting mutually agreeable reduction of Contractor staff the professional fees for such personnel will be added to the Maximum Contract Sum. An appropriate amendment reflecting the parties' mutual agreement will be prepared for consideration by the Board of Supervisors no later than July 1, 2005.

Notwithstanding the above, aggregate billing may not exceed the Maximum Contract Sum of set forth in Paragraph 5.1 of this Contract.

11. Exhibit A-1, attached hereto and incorporated herein by reference, shall be added to the Contract.
12. Except as provided herein, all other provision of the Contract shall remain unchanged.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Director of Health Services and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Thomas L. Garthwaite, M.D.
Director of Health Services and
Chief Medical Officer

Contractor

By _____
Signature

Printed Name

Title _____
(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM
BY THE OFFICE OF COUNTY COUNSEL

County Counsel

By _____
Anita D. Lee
Principal Deputy

Tuesday, May 03, 2005

Exhibit A-1

Professional Fees

Professional Fees for the individuals listed in Exhibit A, Task 1

(Deliverables 1.1 through 1.22), Statement of Work, shall be as follows:

Chief Executive Officer/Cohen	\$52,200
Chief Executive Officer/Wells	\$67,500
Chief Operations Officer	\$52,200
Chief Nursing Officer	\$52,200
Physician Advisor	\$52,200
Pharmacy Consultant	\$45,000
Laboratory Consultant	\$45,000
Medical Records Consultant	\$52,200
Human Resources Specialist	\$45,000
Information Technology Consultant	\$45,000
Radiology Consultant	\$45,000
Nursing Management Consultant	\$36,000

Professional Fees for the individuals listed in Exhibit A, Task 2,

Deliverable 2.1, Statement of Work, shall be as follows:

Robertson	\$67,500
Wells	\$67,500
Hartung	\$67,500
Edwards	\$63,000
Hunt	\$63,000
Butler	\$45,000
Krasker	\$52,200
Hays	\$45,000
Matsuba	\$40,500
Phaneuf	\$33,000
Kaiser	\$52,200
Savino	\$45,000
Voiglen	\$30,000
Surgue	\$45,000
Camplin	\$45,000
Croswell	\$45,000
Hickman	\$52,200
Raharaman	\$33,300
Firestone	\$52,200

All amounts set forth above are for full time Man-Day Equivalents during one month.

Contractor shall prorate such amounts where the individual works less Man-Day Equivalents than full time. County shall not be responsible for any additional payment for hours in excess of a normal full time position.